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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES

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In re Application of: : Examiner: Ella COLBERT  
  
Boris MARCHEGIANI :  
:  
:  
For: METHOD AND SYSTEM FOR :  
AUTOMATED AUCTION AND :  
TENDER OF COMPLEX MULTI- :  
VARIABLE COMMODITIES :  
:  
Filed: February 2, 2000 :  
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Serial No.: 09/496,389 :  
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APPEAL BRIEF PURSUANT TO 37 C.F.R. § 1.192(a)

S I R:

In the above-identified patent application ("the present application"), the Appellant mailed a Notice of Appeal on January 13, 2004 from the Final Office Action issued by the United States Patent and Trademark Office on July 17, 2003. This Notice of Appeal was received by the Patent Office on January 15, 2004.

In the Final Office Action, claims 1, 4-6, 8-11, 15-17 19-24, 26, 28, 29 and 35 were finally rejected. An Advisory Action was mailed on February 10, 2004.

In accordance with 37 C.F.R. § 1.192(a), this Appeal Brief is submitted in triplicate in support of the appeal of the final rejection of claims 1, 4-6, 8-11, 15-17 19-24, 26,

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28, 29 and 35. For the reasons more fully set forth below, the final rejection of claims 1, 4-6, 8-11, 15-17 19-24, 26, 28, 29 and 35 should be reversed.

1. **REAL PARTY IN INTEREST**

The real party in interest in the present appeal is Petroleum Electronic Pricing Exchange ("PEPEX") LLC, of Miami, Florida, USA. PEPEX is the assignee of the entire right, title, and interest in the above-identified application.

2. **RELATED APPEALS AND INTERFERENCES**

There are no other appeals or interferences "which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal."

3. **STATUS OF CLAIMS**

Claims 1, 4, 11, 17, 26 and 35 stand finally rejected under 35 U.S.C. § 103(a) as unpatentable over U.S. Patent No. 5,285,383 to Lindsay et al. ("Lindsay") in view of U.S. Patent No. 5,950,178 to Borgato ("Borgato") further in view of U.S. Patent No. 5,168,446 to Wiseman ("Wiseman").

Claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 are rejected under 35 U.S.C. § 103(a) as unpatentable over Lindsay in view of Borgato.

A copy of the appealed claims is attached hereto in the Appendix.

4. **STATUS OF AMENDMENTS**

In response to the Final Office Action issued on July 17, 2003, a Request For Reconsideration under 37 C.F.R. § 1.116 was filed on January 13, 2004. An amendment to the specification to correct an informality was presented in the Request For Reconsideration, which amendment was not entered.

## 5. SUMMARY OF THE INVENTION

The present invention relates to a method and system for the automated auction and tender of complex multi-variable commodities. More particularly, it relates to a system and method which facilitates transactions in preredefined petroleum and other petroleum products. Specification, page 1, lines 2 to 4.

According to the present invention, a central clearinghouse host site is provided where each of the individual auctions or tenders are conducted. Buyers and sellers may access the site via the respective user connection devices across the respective connection arrangements such as the Internet, direct satellite link, etc. Users of the system can post tenders, view tenders, and bid on the tenders currently existing on the system. Consistent information is made available to all designated participants with instantaneous information dissemination. The tender adjudication may be automated or left to the tender initiator (e.g., the posting party). Specification, page 4, lines 16 to 23.

The system and method of the present invention provide a host site clearinghouse for the auctions and a standardized location for interested parties to be interconnected. This host site permits a timely distribution and update of information to all of the interested parties. The flexibility of altering customer profiles, authorized participants for a tender, or users authorized viewing privileges for a tender provides a considerable improvement over the conventional practice. Specification, page 5, lines 12 to 17.

According to an example embodiment, the present invention also provides a system in which a buyer or seller can post a tender. The tender participants (e.g., the tender recipients) can be limited by the tender initiator, and those who are granted access to view (but not bid on) the tender can also be controlled and limited by the tender initiator. The

authorized users can also view the open tenders with the current bid information except for viewing the sealed envelope bidding. The designated participants may also bid on the tenders. Another exemplary feature of the present invention is the exception handling which allows the complex multi-variable commodities to be traded according to the different buyer and seller demands, terms and specifications that determine the value of the particular commodity.

Specification, page 6, lines 14 to 22.

This exception handling may be accomplished by maintaining a baseline tender as posted by the tenderer. The initial conditions and terms with the posted tender remain as the baseline. The participants in the tender can request the exceptions from the tenderer. If the tenderer agrees, the accepted exceptions are added to the tender and are provided in addition to the baseline. For example, in a tender for fuel oil number 6, the posted tender may specify a viscosity of 350 SSF. This becomes the baseline viscosity for the tender. Then, the tender recipient may request an exception which requires a viscosity of 300 SSF. If the exception is accepted, it is maintained as an additional item for the tender. When the tender recipient bids on the tender, they enter the "per barrel" price that they are willing to pay for the product with a viscosity of 350 SSF. The winning bidder has the option to take delivery of such fuel oil. However, the accepted exception for a viscosity of 300 SSF may exist for an additional cost of \$0.10/barrel. Therefore, the winner could also take delivery of fuel oil number 6 with the viscosity of 300 SSF for \$0.10 per barrel above their winning bid. This exception handling feature of the system according to the present invention allows each user to request the exceptions that may be important to them while the tenderer is not required to accept any exceptions, and may do so for an additional fee if they are able to comply. Specification, page 7, lines 1 to 16.

6. ISSUES

A. Whether claims 1, 4, 11, 17, 26 and 35 are rendered obvious by the combination of Lindsay, Borgato and Wiseman; and

B. Whether claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 are rendered obvious by the combination of Lindsay and Borgato.

7. GROUPING OF CLAIMS

With respect to Issue A, claims 1, 4, 11, 17, 26 and 35 stand or fall together.

With respect to Issue B, claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 stand or fall together.

8. ARGUMENTS

A. Issue A: The combination of Lindsay, Borgato and Wiseman does not render obvious claims 1, 4, 11, 17, 26 and 35

Claims 1, 4, 11, 17, 26 and 35 stand finally rejected under 35 U.S.C. § 103(a) as unpatentable over Lindsay in view of Borgato further in view of Wiseman. Appellant respectfully submits that the references relied upon do not render obvious the subject matter of the present claims for the following reasons and respectfully submit that the present rejection should be reversed.

In rejecting a claim under 35 U.S.C. § 103(a), the Examiner bears the initial burden of presenting a prima facie case of obviousness. In re Rijckaert, 9 F.3d 1531, 1532, 28 U.S.P.Q.2d 1955, 1956 (Fed. Cir. 1993). To establish prima facie obviousness, three criteria must be satisfied. First, there must be some suggestion or motivation to modify or combine reference teachings. In re Fine, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988). This teaching or suggestion

to make the claimed combination must be found in the prior art and not based on the application disclosure. In re Vaeck, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991). Second, there must be a reasonable expectation of success. In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed. Cir. 1986). Third, the prior art reference(s) must teach or suggest all of the claim limitations. In re Royka, 490 F.2d 981, 180 U.S.P.Q. 580 (C.C.P.A. 1974).

Independent claim 1 recites a system for utilizing at least one tender that includes, *inter alia*, a processing device transmitting information corresponding to the data, wherein the at least one tender is provided for a complex, multi-variable commodity, the processing device further enabling a user to request an exception to create or modify a term of the at least one tender, wherein the complex multi-variable commodity is a particular commodity whose price determination is based on a variation of a plurality of variable characteristics regarding a physical characteristic of the particular commodity.

As can be discerned from a reading of claim 1, the term "exception" pertains to the term "at least one tender", and can only be interpreted in light of the meaning of "tender" in the context of the present invention. In this regard, it is noted that a patentee can be his own lexicographer and the words of a claim will be given their ordinary meaning *unless it appears that the inventor used them differently, in a manner not repugnant to their ordinary use*. See Conopco Inc. v. May Department Stores Co., 46 F. 3d 1556 (Fed. Cir. 1995) (emphasis added). In this case, the specification explains that the term "tender" is to be understood as an open posting or offer to multiple recipients and that the exception applies to all the participants in the tender. For example, the specification provides as follows:

If the exception is accepted, such exception is then posted as a part of the tender in steps 413, 514. Once the

exception request has been transmitted, and the exception has either been accepted or rejected (in steps 412, 513), the tender details are again presented to all designated tender recipients with all the accepted exceptions 414, 515.

(Specification, page 18, lines 5-8; emphasis added).

In the Final Office Action, the Examiner asserted that the Wiseman reference discloses a processing device that enables a user to request an exception to create or modify a term of the at least one tender. It is submitted that neither the particular cited sections relied upon, nor the Wiseman reference as a whole, actually discloses this feature. While the Wiseman reference discloses a trading system in which a counterparty can modify a proposed quote or a trading party may elect to negotiate with a counterparty, this is not equivalent to what is claimed because the proposals and quotes disclosed in Wiseman are not "tenders" as defined in the present invention.

In contrast, in the process described in Wiseman, the interaction between the trading party and the counterparty is a closed two-party transaction, in which a series of negotiations may occur between a trading party and a counterparty. For example, Wiseman provides as follows:

The counterparty may selectively transmit a quotation in accordance with the request, or he may transmit a signal indicating that he does not want to quote a price. If the counterparty decides to transmit a quote after answering an incoming quote request, the counterparty then may enter bid and offer amounts corresponding to the prices at which he is willing to buy and sell the commodity. The counterparty can also enter an amount on which the quoted price is based, if the trader failed to do so, or the counterparty can change the amount that the trader transmitted with the quote request. The counterparty then transmits the quote to the trading party. As with the trader quote request, any amount entered is checked by the system against

the predesignated range limits in the counterparty's profile. If the amount is not within the predesignated range, the counterparty is requested to confirm the amount before the quote request is transmitted.

The trading party may then make a proposal to either buy or sell a designated amount of the commodity at the quoted prices, or he may decline to continue the transaction and end the communication. The trading party may also seek to negotiate the terms of the quote by transmitting one of several pre-programmed responses to induce the counterparty to alter the bid or offer prices or change the amount of the transaction. Several rounds of such negotiations can occur. The counterparty may also change his quote at any time before the counterparty receives a proposal. Assuming that the trading party elects to propose a trade, he can propose to buy or sell the amount of the commodity, if any, that was transmitted with the quote, or any lesser amount, unless he transmitted a quote request on an exact amount that the counterparty quoted on. If no amount was transmitted with the quote, a default dealt amount will be supplied by the system based on data in the trader's profile. As with the quote request, any amount is checked against the range limits stored in the profile, and the trader is asked to confirm any amount outside of the range before transmitting the proposal.

(Wiseman, col. 3, line 38 to col. 4, line 9) (emphasis added).

As can be discerned from the above-quoted passage (and the rest of the Wiseman reference), the modification process, i.e., a requested change to a posted offer, pertains to the trader-counterparty dialogue rather than to the entire tender environment at large. In other words, any modifications made apply solely to the transaction being negotiated and the exceptions made do not become available to other parties in a multiparty tender environment.



Unlike the trader-counterparty trading system disclosed by Wiseman, the present invention allows a market to be developed for complex multi-variable commodities by allowing the participants to share information regarding various commodity grades, counteroffers, special requirements, etc., so that, for example, if a prospective buyer has very specific requirements as to grade, price, delivery conditions or amount, then a multiparty market may be created through the system of the present invention for the commodity having those specified requirements.

Accordingly, when claim 1 is read as a whole and in light of the specification, it is clear that the exception pertains to the tender such that upon acceptance it becomes linked and attached to the tender offer and thus applies to any party in receipt of the tender. It is emphasized that this exception process is crucial, particularly during transactions involving complex, multivariable commodities in which recipients may be willing to pay a premium over a quoted price for a particular grade or type of the commodity being tendered. (See e.g., Specification, page 7, lines 5-16).

It is accordingly submitted that Wiseman does not disclose a processing device that enables a user to request an exception to create or modify a term of the at least one tender as the Examiner has alleged. As the Lindsay and Borgato references do not cure the deficiencies of the Wiseman reference in this regard, it is submitted that the combination of Lindsey, Borgato and Wiseman fails to disclose or suggest each of the recited elements of claim 1. Therefore, claim 1 and its dependent claim 4 are patentable over the references relied upon.

As independent claims 11, 17, 26 and 35 recite features analogous to the features discussed above with respect to claim 1, it is submitted that these claims are also patentable over the references relied upon.

Reversal of the rejection of claims 1, 4, 11, 17, 26 and 35 under 35 U.S.C. § 103(a) based on the Lindsay, Borgato and Wiseman references is, therefore, respectfully requested.

**B. Issue B: The combination of Lindsay and Borgato does not render obvious claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29.**

Claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 stand finally rejected under 35 U.S.C. § 103(a) as unpatentable over Lindsay in view of Borgato. Appellant respectfully submits that the references relied upon do not render obvious the subject matter of the present claims for the following reasons and respectfully submit that the present rejection should be reversed.

In rejecting a claim under 35 U.S.C. § 103(a), the Examiner bears the initial burden of presenting a prima facie case of obviousness. In re Rijckaert, 9 F.3d 1531, 1532, 28 U.S.P.Q.2d 1955, 1956 (Fed. Cir. 1993). To establish prima facie obviousness, three criteria must be satisfied. First, there must be some suggestion or motivation to modify or combine reference teachings. In re Fine, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988). This teaching or suggestion to make the claimed combination must be found in the prior art and not based on the application disclosure. In re Vaeck, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991). Second, there must be a reasonable expectation of success. In re Merck & Co., Inc., 800 F.2d 1091, 231 U.S.P.Q. 375 (Fed. Cir. 1986). Third, the prior art reference(s) must teach or suggest all of the claim limitations. In re Royka, 490 F.2d 981, 180 U.S.P.Q. 580 (C.C.P.A. 1974).

It is noted that each of claims 5, 6, 8-10 depends from independent claim 1, claims 15 and 16 depend from independent claim 11, claims 19-24 depend from independent claim 17 and claims 28 and 29 depend from independent claim

26. Accordingly each of claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 incorporates the features of the respective independent claim from which it depends. While the rejection of the independent claims addressed above relied upon a combination of three references (Lindsey, Borgato and Wiseman) the rejection of their dependent claims illogically relies on fewer (two) of these references (Lindsey and Borgato). It is not understood how, if the Examiner required the combination of three references to meet the limitations of the independent claims, how fewer references could possibly meet the limitations of the dependent claims, which by definition include further limitations.

In particular, the Final Office Action has asserted that the Wiseman reference cures the deficiencies of the primary Lindsey and Borgato references with respect to the independent claims (which reliance was addressed and disputed in the discussion above). These deficiencies of the primary references therefore remain in the context of the dependent claims.

Notwithstanding the above, it is submitted that the combination of Lindsey and Borgato fails to render obvious each of the features of the independent claims at least because neither of these references discloses or suggests a system or method in which a user requests an exception to create or modify a term of at least one tender, as discussed above.

It is accordingly submitted that claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 are patentable over the references relied upon.

Reversal of the rejection of claims 5, 6, 8-10, 15, 16, 19-24, 28 and 29 under 35 U.S.C. §103(a) is therefore respectfully requested.

9. CONCLUSION

For at least the reasons indicated above, Appellants respectfully submit that the art of record does not render obvious Appellants' invention as recited in the claims of the present application. Accordingly, it is respectfully submitted that the invention recited in the claims of the present application is new, non-obvious and useful. Reversal of the Examiner's rejections of the claims is therefore respectfully requested.

Respectfully submitted,

Dated: July 14, 2004

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## APPENDIX

1. A system for utilizing at least one tender, comprising:
  - a storage device storing data which relates to the at least one tender; and
  - a processing device transmitting information corresponding to the data, wherein the at least one tender is provided for a complex multi-variable commodity.
4. The system according to claim 1, wherein the processing device executes a program on a remote device.
5. The system according to claim 1, wherein the storage device includes a database storing data which is related to the at least one tender.
6. The system according to claim 5, wherein the database is a relational database.
8. The system according to claim 1, wherein the processing device:
  - receives the data,
  - analyzes the data, and
  - transmits the information to a further processing device,wherein the information is transmitted in response to the received data.
9. The system according to claim 1, wherein the processing device at least one of transmits and receives the information electronically via the Internet.
10. The system according to claim 1, wherein the processing device at least one of transmits and receives information electronically via a network of further processing devices.

11. A method for utilizing at least one tender, comprising the steps of:

receiving data for the at least one tender, the at least one tender being provided for a complex multi-variable commodity; and

transmitting information corresponding to the data to a device.

15. The method according to claim 11, wherein the data is at least one of received and transmitted electronically via the Internet.

16. The method according to claim 11, wherein the data is at least one of received and transmitted electronically via a network of processing devices.

17. A system for utilizing at least one tender, comprising:

a storage device storing data which relates to the at least one tender; and

a processing device transmitting information corresponding to the data,

wherein the at least one tender includes at least one of a term and a condition, and

wherein the term and the condition are capable of being modified.

19. The system according to claim 17, wherein the processing device executes a program on a remote device.

20. The system according to claim 17, wherein the storage device includes a database storing data which is related to the at least one tender.

21. The system according to claim 20, wherein the database is a relational database.

22. The system according to claim 17, wherein the processing device:

- receives the data,
- analyzes the data, and
- transmits the information to a further processing device, wherein the information is transmitted in response to the received data.

23. The system according to claim 17, wherein the processing device at least one of transmits and receives the information electronically via the Internet.

24. The system according to claim 17, wherein the processing device at least one of transmits and receives information electronically via a network of further processing devices.

26. A method for utilizing at least one tender, comprising the steps of:

- receiving data for the at least one tender; and
- transmitting information corresponding to the data,

wherein the at least one tender includes at least one of a term and a condition, and

wherein the term and the condition are capable of being modified.

28. The method according to claim 26, wherein the data is at least one of received and transmitted electronically via the Internet.

29. The method according to claim 26, wherein the data is at least one of received and transmitted electronically via a network of processing devices.

35. A set of instructions residing in a storage medium, the set of instructions capable of being executed by a processor to implement a method for utilizing at least one tender, the method comprising the steps of:

receiving data for the at least one tender, the at least one tender being provided for a complex multi-variable commodity; and

transmitting information corresponding to the data to a device.